

Message Text

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15

ACTION EUR-12

INFO OCT-01 ISO-00 SAM-01 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 IGA-01 DODE-00 PA-01 USIA-06 PRS-01 /084 W

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FM AMEMBASSY LISBON

TO SECSTATE WASHDC 2655

C O N F I D E N T I A L LISBON 2458

E.O. 11652: GDS

TAGS: EGEN, BGEN, ELAB, PO

SUBJ: U.S. BUSINESS OPINION ON ELECTION EFFECTS

1. COMMERCIAL STAFF AND AMBASSADOR MET ON APRIL 29 WITH SMALL CROSS SECTION OF U.S. BUSINESSMEN TO DISCUSS THEIR PROBLEMS AND ASSESS CURRENT ECONOMIC-POLITICAL SITUATION.

2. THE BUSINESSMEN WERE PARTICULARLY CONCERNED ABOUT CREDIT SQUEEZE WHICH THEY THOUGHT WOULD LEAD TO SHARP CUTBACK IN PRODUCTION. GIVEN PROBLEMS ENTAILED IN LAYING OFF WORKERS THIS WOULD SURELY CREATE MORE DIFFICULTIES WITH UNIONS.

3. BUSINESSMEN ALSO COMPLAINED ABOUT RED TAPE INVOLVED IN MAKING PAYMENTS ABROAD. SLOW DOWN HAS LED TO RESTRICTIONS IN CREDIT TERMS BY OVERSEAS PURCHASERS. SOME SAW THIS AS EFFORT TO CONSERVE FOREIGN EXCHANGE: OTHERS BELIEVED GOP WAS DELIBERATELY TRYING TO DISMANTLE TOTAL ECONOMIC STRUCTURE AND BUILD A NEW ONE MORE TO ITS LIKING.

4. BUSINESSMEN EXPRESSED USUAL CONCERN ABOUT LABOR PROBLEMS IN PLANT TAKEOVERS. THE FEEL, HOWEVER, THAT ELECTIONS HAD MADE A REAL DIFFERENCE IN PSYCHOLOGICAL OUTLOOK. WORKERS WERE GENUINELY RELIEVED BY SOCIALIST VICTORY. GENERAL VIEW WAS THAT
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SITUATION DIFFICULT, BUT IT COULD BE MUCH WORSE. THEY BELIEVE

U.S. AID HAD BEEN HELPFUL IN ENCOURAGING MODERATE GOP AND AFM
ELEMENTS, AND BELIEVED USG SHOULD TAKE EVERY ADVANTAGE OF
UNIQUE OPPORTUNITY OFFERED BY ELECTIONS TO STRENGTHEN MODERATE
CAUSE FURTHER.

5. NO ONE TALKED ABOUT PULLING OUT. ONE FIRM, ESSEX
FARMACEUTICA (SCHEARING CORP), PLANNING TO GO FORWARD WITH
ADDITIONAL INVESTMENT.
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